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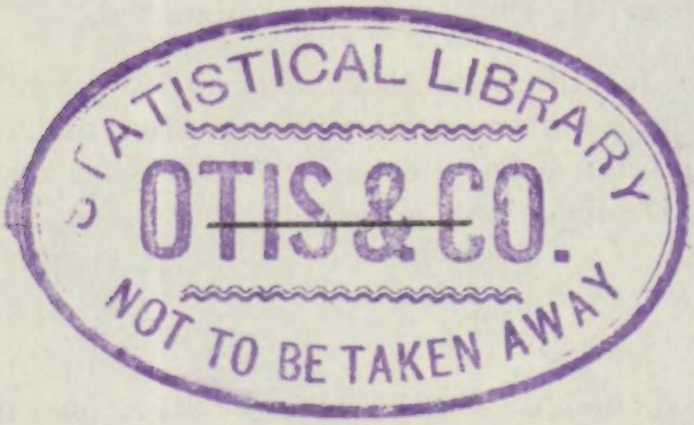
R. J. Reynolds Tobacco Company

WINSTON-SALEM, N. C.



FINANCIAL STATEMENT

DECEMBER 31, 1922.

Winston-Salem, N. C., January 18, 1923.

To the Stockholders of

R. J. REYNOLDS TOBACCO COMPANY:—

The Financial Report of your Company, at the close of business December 31, 1922, is hereby submitted.

Net Earnings for the year 1922, after deducting all charges and expenses of management, and after making provision for Interest, Taxes (including Federal and State Income Taxes), Depreciation, Advertising, etc.	$20,479,234.47
DEDUCT	
Four quarterly dividends of $1.75 each per share on Preferred Stock	1,400,000.00
	19,079,234.47
DEDUCT	
Four quarterly dividends of 75 cents each per share on common stocks outstanding at respective dividend dates	7,800,000.00
Balance carried to Undivided Profits	11,279,234.47
ADD	
Undivided Profits December 31, 1921	12,122,424.96
Sundry Items applicable to prior periods	1,513,562.22
	24,915,221.65
DEDUCT	
Stock dividend of 33⅓% in New Class B Common Stock issued December 2, 1922, on outstanding common stocks	20,000,000.00
Total Undivided Profits December 31, 1922	$4,915,221.65

NOTE: Federal Income, Excess Profits and War Profits Taxes on earnings for respective years up to December 31, 1922, have been paid or set aside in the above statement in maximum amounts and pending tax adjustments should result in a substantial increase in the Undivided Profits Account.

FINANCIAL STATEMENT
DECEMBER 31, 1922.

ASSETS

CURRENT		
Cash	$11,292,332.30	
Accounts Receivable (net) for merchandise sold	10,446,785.02	
Leaf Tobacco, Supplies, Manufactured Product	72,947,609.94	$94,686,727.26
OTHER ASSETS		
Real Estate, Buildings, Machinery, Fixtures	14,587,853.29	
Investments in Non-Competitive Companies, etc.	2,311,701.60	
Other Accounts and Notes Receivable	3,696,789.68	
Good Will, Patents, Trade-Marks, etc.	1,362,907.12	
Prepaid Expenses	332,233.01	22,291,484.70
		$116,978,211.96

LIABILITIES

CURRENT		
Accounts Payable	$2,531,911.95	
Accrued Taxes and other Accrued Accounts	3,993,187.26	$6,525,099.21
RESERVES		
Depreciation, Obsolescence and Contingencies		5,537,891.10
CAPITAL ACCOUNT		
Preferred Stock-7% Cumulative	20,000,000.00	
Common Stock	10,000,000.00	
New Class B Common Stock	70,000,000.00	
Undivided Profits (after deduction of dividends payable January 1, 1923)	4,915,221.65	104,915,221.65
		$116,978,211.96

Respectfully,

D. RICH, Treasurer.

WE HEREBY CERTIFY that we have examined the books of account and records of R. J. REYNOLDS TOBACCO COMPANY, Winston-Salem, N. C., at December 31, 1922, and it is our opinion that the above statement shows the true financial condition of the Company at the date stated, and that the accompanying Analysis of Undivided Profits Account is correct. As far as we could ascertain there were no contingent liabilities and we were informed none existed.

ERNST & ERNST,

Certified Public Accountants.